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FAS REPORT

United States
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Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 13-83

WASHINGTON, March 30--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

EC TRADE NOTES

The EUROPEAN COMMUNITY (EC) and CHINA are again discussing additional EC wheat sales under the loosely worded and non-binding three-year agreement that expires July 31, 1983. The agreement calls for annual EC sales to China of 500,000-700,000 tons. China already has purchased about 1.4 million tons of EC wheat this year compared with only 80,000 tons last season and 409,000 tons in 1980/81. Although EC wheat export subsidies have fallen somewhat in recent weeks to about \$76 per ton, the EC must still grant a \$6 per ton corrective subsidy on wheat for China to cover additional transportation costs.

GRAIN AND FEED

CANADA is well on the way to setting its third successive wheat export record. Preliminary data indicate that wheat shipments during August 1982 through mid-March were running at about 2 million tons above last season's pace. The winter shipping program during December-February moved exceptionally well at over a million tons above last year's levels. Mild weather will enable an early opening of the St. Lawrence Seaway and Canadian export movement would be expected to step up appreciably. It appears that the August-July 1981/82 wheat export record of 18.4 million tons will easily be broken and the Canadians will ship at least the 20.5 million tons of wheat and wheat flour currently forecast.

The USSR Central Statistical Administration published final 1982 crop area data in its March journal. The areas for major crops (with corresponding current USDA estimates in parentheses) were as follows in million hectares: Total grains 123 (122); wheat 57 (57); coarse grains 58 (57); cotton 3.188 (3.17); sugarbeets 3.526 (3.6); and sunflowers 4.25 (4.25). At 123.0 million hectares, the 1982 grain area was the smallest since 1972 and also only 900,000 hectares less than the preliminary figure released by the Soviets last July. The wheat area--at 57.3 million hectares--was the smallest since 1954. The 1982 data show clean fallow area is continuing to increase.

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OILSEEDS AND PRODUCTS

The EUROPEAN COMMUNITY's Agricultural Council recently was unable to reach a decision on EC Commission proposals for the vegetable oil sector in an enlarged Community. The Commission proposes freezing the existing Spanish and Portuguese domestic vegetable oil marketing systems for 10 years and increasing the EC's oilseed and product tariffs in GATT Article XXIV.6 negotiations. The Commission proposals have been forwarded to the EC heads of government for review. A decision in favor of adopting the Commission proposals would be a direct threat to U.S. oilseed and product exports to the EC.

In the UNITED STATES, the 1983 soybean crop is forecast to decrease nearly 8 percent below last year to 57.2 million tons (2.1 billion bushels), primarily as a result of the recently announced payment in kind (PIK) and acreage reduction program (ARP) enrollments. The first projection of 1983/84 soybean exports is put at a record 26.4 million tons (970 million bushels), up 0.5 million tons (20 million bushels) from the 1982/83 estimate. The 1983/84 export forecasts are down slightly for both soybean meal and oil, largely because of increased competition from Brazil and Argentina. Soybean meal exports are initially forecast at 7.2 million tons (compared with 7.3 million in 1982/83), and soybean oil at 930,000 tons (942,000 in 1982/83). Firmer season average prices are predicted for soybeans and soybean meal in 1983/84, but soybean oil prices are expected to remain flat.

DAIRY, LIVESTOCK AND POULTRY

In IRELAND, cattle numbers at the end of 1982 were 5.78 million head, up less than one percent. Hogs numbers were up 5 percent to 5 million head and sheep were up 1 percent to 2.4 million head, according to the December 1982 census.

EUROPEAN COMMUNITY production of nonfat dry milk (NFDM) for October-December 1982 was up 19 percent, compared with a 7-percent gain for 1982 as a whole. Preliminary data put January 1983 production more than 30 percent above January 1982. Current world prices for NFDM--at \$800-850 per ton--are down sharply from around \$1,100 per ton a year ago.

TOBACCO

In the UNITED KINGDOM's 1983 budget, announced mid-March, the specific excise tax on cigarettes was raised to 21.67 pounds (US\$31.98) per 1,000 pieces from 20.68 pounds (US\$30.52), effective March 17, 1983. The ad valorem rate of 21 percent of the recommended retail price and the VAT rate of 15 percent remain unchanged. This year's tax increase raises the price of a pack of 20 king-size filter cigarettes by 3 pence to 1.06 pounds and is expected to result in a further decline in cigarette sales.

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Other tobacco tax changes raise the specific excise tax on cigars from 39 pounds per kilogram to 40.85 and on hand-rolling tobacco from 33.65 pounds to 35.40 per kilogram. The specific duty on other tobacco products remains unchanged.

In JORDAN, the prices of domestically produced brands of cigarettes were raised March 17 by 14-20 percent, or 9 to 15 cents per pack. This recent increase is expected to net the Jordanian government an additional 4.5 million dinars (approximately \$13.5 million) annually. The prices per pack of 20 cigarettes now range from 60 to 90 cents, depending on brand.

The price rise came during a lull in the National Consultative Council's debate on whether to lift the longstanding ban on foreign cigarettes, pending a committee report on Jordan's tobacco industry. However, the price rise does not appear to be connected to the import issue.

FRUITS AND NUTS

In ISRAEL, extensive periods of rain and below-normal temperatures during the past two months have adversely affected fruit and vegetable crops. Hail and rain damaged citrus and avocado groves, particularly in the northern coastal region, causing excessive droppage and some quality deterioration. February frosts damaged tomato and celery crops in the Arana region in the south. Fresh flower production also was adversely affected.

VEGETABLES

See item on ISRAELI frost damage in FRUITS AND NUTS section.

Selected International Prices

Item	March 29, 1983		Change from previous week	
	\$ per MT	\$ per bu.	\$ per MT	\$ per MT
ROTTERDAM PRICES 1/				
Wheat:				
Canadian No. 1 CWRS-13.5%.	197.50	5.38	+3.50	204.00
U.S. No. 2 DNS/NS: 14%...	177.50	4.83	+.25	188.00
U.S. No. 2 DHW/HW: 13.5%..	N.Q.	--	--	204.00
U.S. No. 2 S.R.W.....	161.00	4.38	-1.50	175.00
U.S. No. 3 H.A.D.....	179.00	4.87	-1.00	186.50
Canadian No. 1 A: Durum..	198.00	5.39	+1.00	203.00
Feed grains:				
U.S. No. 3 Yellow Corn....	143.50	3.65	+6.50	131.00
U.S. No. 2 Sorghum 2/.....	N.Q.	--	--	138.00
Feed Barley 3/.....	N.Q.	--	--	149.00
Soybeans and meal:				
U.S. No. 2 Yellow.....	251.20	6.84	+8.45	256.50
Brazil 47/48% SoyaPellets 4/	224.50	--	+2.00	N.Q.
U.S. 44% Soybean Meal.....	215.00	--	+.50	233.00
U.S. FARM PRICES 5/				
Wheat.....	137.05	3.73	--	134.48
Barley.....	69.81	1.52	+2.75	85.43
Corn.....	112.20	2.85	+5.12	97.63
Sorghum.....	102.51	4.65 6/	+2.20	89.29
Broilers 7/.....	872.58	--	-88.85	984.13
EC IMPORT LEVIES				
Wheat 8/.....	94.97	2.58	-11.83	85.40
Barley.....	105.27	2.29	-9.38	73.10
Corn.....	82.41	2.09	-10.88	89.25
Sorghum.....	78.02	1.98	-12.89	79.15
Broilers 9/.....	305.00	--	-8.00 10/	270.00
EC INTERVENTION PRICES 11/				
Common wheat(feed quality)	182.96	4.98	-4.46	183.04
Bread wheat.....	200.88	5.47	-4.89	210.51
Barley and all other feed grains.....	182.96	--	-4.46	183.04
Broilers 12/.....	1105.00	--	-1.00	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat.....	N.Q.	N.Q.	N.Q.	62.46
Wheat flour.....	N.Q.	N.Q.	N.Q.	N.Q.
Barley.....	N.Q.	N.Q.	N.Q.	39.43
Broilers 9/.....	207.00	--	-5.00 13/	169.00
Sugar, refined 15/.....	394.04	--	--	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Nine-city average; wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ Reflects change by EC effective Feb. 1, 1983 from 31.8 ECU's/100 kg. to 33.15 ECU's/100 kg. **Reflects exchange rate change only. 12/ F.O.B Price for R.T.C. Whole Broilers at West German border. 13/ Subsidy increase reflects change by EC Effective Feb. 1, 1983 from 20.50 ECU's/100 kg to 22.50 ECU's/100 kg. 14/ F.o.b. price for whole R.T.C. broilers at West German border. 15/ Week of March 17-23, based on a maximum subsidy of 37.139 ECU's per 100 kg. N.Q.=Not quoted. Note: Basis April delivery.

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